

NORTHFIELD TOWNSHIP

REPORT ON
AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

NORTHFIELD TOWNSHIP

TOWNSHIP OFFICIALS

Supervisor - Michael Cicchella
Clerk - Michele Manning
Treasurer - Cynthia Wilson

TOWNSHIP BOARD

Michael Cicchella
David Gordon
Linda Lupi
Michele Manning
Susan Shink
Cynthia Wilson
Ed Wojtys

TOWNSHIP ATTORNEYS

Paul E. Burns

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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December 4, 2008

Board of Trustees
Northfield Township
75 Barker Road
Whitmore Lake, Michigan 48189

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Northfield Township, as of and for the year ended June 30, 2008, which collectively comprise the Northfield Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Northfield Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Northfield Township, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other Required Supplementary Information on pages 8 through 12 and 43 through 45 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northfield Township's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining and individual fund statements, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION
AND
ANALYSIS

Management Discussion and Analysis June 30, 2008

Within this section of Northfield Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended June 30, 2008. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and revenue sharing from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include such activities as general government, public safety, and planning and zoning departments. Business-type activities include water & sewer system operations. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has three kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

Proprietary funds are reported in the fund financial statements and are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

The Township's net assets at the end of the fiscal year were \$13,677,323. This is a \$358,200 increase over last year's net assets of \$13,319,123.

The following tables provide a summary of the Township's financial activities and changes in net assets:

Summary of Net Assets

	Governmental Activities		Business-type Activities		Total	
	6/30/2008	6/30/2007	6/30/2008	6/30/2007	6/30/2008	6/30/2007
Current and other assets	\$ 2,175,563	\$ 1,836,734	\$ 5,253,190	\$ 6,223,310	\$ 7,428,753	\$ 8,060,044
Capital assets	8,324,795	8,565,455	10,661,856	10,791,073	18,986,651	19,356,528
Total assets	10,500,358	10,402,189	15,915,046	17,014,383	26,415,404	27,416,572
Other liabilities	380,596	332,081	95,425	73,453	476,021	405,534
Long-term liabilities	6,682,060	7,046,915	5,580,000	6,645,000	12,262,060	13,691,915
Total liabilities	7,062,656	7,378,996	5,675,425	6,718,453	12,738,081	14,097,449
Net assets:						
Invested in capital assets, net of debt	1,642,735	1,518,540	5,081,856	4,146,073	6,724,591	5,664,613
Unrestricted	1,794,967	1,504,653	5,157,765	6,149,857	6,952,732	7,654,510
Total net assets	<u>\$ 3,437,702</u>	<u>\$ 3,023,193</u>	<u>\$ 10,239,621</u>	<u>\$ 10,295,930</u>	<u>\$ 13,677,323</u>	<u>\$ 13,319,123</u>

Summary of Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>6/30/2008</u>	<u>6/30/2007</u>
Revenues:						
Program revenues:						
Charges for services	\$ 470,386	\$ 415,011	\$ 1,237,100	\$ 1,236,552	\$ 1,707,486	\$ 1,651,563
Operating grants and contributions	1,945	10,432			1,945	10,432
Capital grants and contributions			38,500	31,500	38,500	31,500
General revenues:						
State shared revenues	590,748	590,888			590,748	590,888
Property taxes	2,975,205	2,812,918			2,975,205	2,812,918
Interest	91,033	111,160	269,596	340,897	360,629	452,057
Other	356,304	364,589	2,011	(227)	358,315	364,362
Total revenues	<u>4,485,621</u>	<u>4,304,998</u>	<u>1,547,207</u>	<u>1,608,722</u>	<u>6,032,828</u>	<u>5,913,720</u>
Expenses						
General government	931,480	1,041,879			931,480	1,041,879
Fire protection	463,331	462,647			463,331	462,647
Medical rescue	413,421	483,688			413,421	483,688
Police protection	1,755,409	1,687,370			1,755,409	1,687,370
Senior center/recreation	132,988	102,795			132,988	102,795
Public works/roads	53,532	57,382			53,532	57,382
Interest on long-term debt	320,951	338,940			320,951	338,940
Sewer system			1,603,516	1,597,115	1,603,516	1,597,115
Total expenses	<u>4,071,112</u>	<u>4,174,701</u>	<u>1,603,516</u>	<u>1,597,115</u>	<u>5,674,628</u>	<u>5,771,816</u>
Changes in net assets	414,509	130,297	(56,309)	11,607	358,200	141,904
Beginning net assets	<u>3,023,193</u>	<u>2,892,896</u>	<u>10,295,930</u>	<u>10,284,323</u>	<u>13,319,123</u>	<u>13,177,219</u>
Ending net assets	<u>\$ 3,437,702</u>	<u>\$ 3,023,193</u>	<u>\$ 10,239,621</u>	<u>\$ 10,295,930</u>	<u>\$ 13,677,323</u>	<u>\$ 13,319,123</u>

Financial Analysis of the Township's Funds

The Township's General Fund had revenues over expenditures totaling \$318,725 before its net transfers out of \$70,000 were made. The Township's fund balance increased by \$248,725 for the fiscal year ended June 30, 2008. Operating results were typical for General Fund activity with slight decreases in expenditures for professional fees.

The other major governmental fund of the Township is the Law Enforcement Fund. The expenditures exceeded revenues for this fund due to a decrease in transfers from the General Fund.

The Township's sole business-type fund, the Sewage Disposal System Fund, reported net loss of \$56,309. The increase in losses are due to rising operating costs, and decrease of users being added to the system.

General Fund Budgetary Highlights

The General Fund adopted its budget prior to the fiscal year in accordance with Public Act 493 of 2000. Total budgeted actual expenditures exceeded appropriations by \$38,690. The budget was amended during the year to account for immaterial amounts in order to bring it closer to economic reality, and anticipated contingent liability. The Township expenditures exceeded appropriations in several activities.

Capital Asset and Debt Administration

The governmental funds purchased \$84,928 of new capital assets, while retiring \$20,700 of capital assets. This is primarily due to the purchase of a law enforcement vehicle, and digital video equipment. The Township disposed of two (2) vehicles in the fiscal year.

The governmental funds issued \$48,978 of long-term debt while retiring \$413,833 of this debt. This is due in large part from the purchase of aforementioned equipment. Total debt of \$6,682,060 was outstanding as of June 30, 2008.

The business-type fund issued \$4,965,000 of refunding bonds to restructure their debt service, and spent \$211,490 for current year sewage treatment expansion.

Economic Conditions and Future Activities

The Township is anticipating a further drop in state revenue sharing for its general fund to continue into next year due to the declining economic environment.

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact Northfield Township at 75 Barker Road, Whitmore Lake, MI 48189.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL
STATEMENTS

NORTHFIELD TOWNSHIP
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<u>ASSETS</u>			
ASSETS			
Cash and cash equivalents	\$ 1,770,689	\$ 1,271,151	\$ 3,041,840
Cash and cash equivalents - restricted		1,456,111	1,456,111
Receivables			
Taxes	30,812		30,812
State shared revenues	97,600		97,600
Accounts	75,044	316,819	391,863
Intergovernmental	101,850		101,850
Special assessments - restricted		2,202,860	2,202,860
Library	61,242		61,242
Prepaid expenses	38,326	6,249	44,575
Capital assets - net of depreciation	8,324,795	10,661,856	18,986,651
Total assets	10,500,358	15,915,046	26,415,404
<u>LIABILITIES</u>			
LIABILITIES			
Accounts payable	90,923	59,815	150,738
Accounts payable - intergovernmental		12,401	12,401
Accrued compensated absences	133,322	23,209	156,531
Due to others	6,351		6,351
Contingent liability	150,000		150,000
Capital leases payable			
Current	150,004		150,004
Non-current	437,056		437,056
Bonds/Contracts payable			
Current	295,000	545,000	840,000
Non-current	5,800,000	5,035,000	10,835,000
Total liabilities	7,062,656	5,675,425	12,738,081
<u>NET ASSETS</u>			
NET ASSETS			
Invested in capital assets, net of related debt	1,642,735	5,081,856	6,724,591
Unrestricted	1,794,967	5,157,765	6,952,732
Total net assets	\$ 3,437,702	\$ 10,239,621	\$ 13,677,323

The notes of the financial statements are an integral part of this statement.

NORTHFIELD TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Contributions
Governmental activities				
General government	\$ (931,480)	\$ 315,769	\$ 1,500	\$
Fire protection	(463,331)	28		
Medical rescue	(413,421)	39,183	395	
Police protection	(1,755,409)	80,909	50	
Senior center/recreation	(132,988)	34,497		
Public works/roads	(53,532)			
Interest on long-term debt	(320,951)			
Total governmental activities	(4,071,112)	470,386	1,945	
Business-type activities				
Sewer system	(1,603,516)	1,237,100		38,500
Total	<u>\$ (5,674,628)</u>	<u>\$ 1,707,486</u>	<u>\$ 1,945</u>	<u>\$ 38,500</u>

General revenues
Property taxes
States shared revenues
Interest income - cash and equivalents
Interest income - special assessments
Franchise fees
Rental income
Other income

Total general revenues

Changes in net assets

Net assets, July 1, 2007

Net assets, June 30, 2008

The notes of the financial statements are an integral part of this statement.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

Net (Expenses) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (614,211)	\$	\$ (614,211)
(463,303)		(463,303)
(373,843)		(373,843)
(1,674,450)		(1,674,450)
(98,491)		(98,491)
(53,532)		(53,532)
(320,951)		(320,951)
(3,598,781)		(3,598,781)
	(327,916)	(327,916)
(3,598,781)	(327,916)	(3,926,697)
2,975,205		2,975,205
590,748		590,748
91,033	121,263	212,296
	148,333	148,333
90,527		90,527
264,235		264,235
1,542	2,011	3,553
4,013,290	271,607	4,284,897
414,509	(56,309)	358,200
3,023,193	10,295,930	13,319,123
<u>\$ 3,437,702</u>	<u>\$ 10,239,621</u>	<u>\$ 13,677,323</u>

FUND
FINANCIAL
STATEMENTS

NORTHFIELD TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	Law Enforcement Fund	Non-major Funds	Totals
<u>ASSETS</u>				
ASSETS				
Cash and cash equivalents	\$ 838,159	\$ 242,746	\$ 689,784	\$ 1,770,689
Receivables				
Taxes	3,649	11,329	15,834	30,812
State shared revenues	97,600			97,600
Accounts	69,459	5,585		75,044
Library	61,242			61,242
Due from other funds	95,072	26,476	63,315	184,863
Prepaid expenditures	13,443	21,208	3,675	38,326
	<u>13,443</u>	<u>21,208</u>	<u>3,675</u>	<u>38,326</u>
Total assets	<u>\$ 1,178,624</u>	<u>\$ 307,344</u>	<u>\$ 772,608</u>	<u>\$ 2,258,576</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$ 50,545	\$ 17,202	\$ 23,176	\$ 90,923
Accrued compensated absences	4,773	116,096	12,453	133,322
Due to other funds	4,919	15,594	62,500	83,013
Due to others	6,351			6,351
Contingent liability	150,000			150,000
	<u>150,000</u>	<u></u>	<u></u>	<u>150,000</u>
Total liabilities	<u>216,588</u>	<u>148,892</u>	<u>98,129</u>	<u>463,609</u>
FUND BALANCE				
Unreserved	962,036		7,271	969,307
Reserved for public safety		158,452	457,767	616,219
Reserved for debt service			75,068	75,068
Reserved for community development			134,373	134,373
	<u>962,036</u>	<u>158,452</u>	<u>674,479</u>	<u>1,794,967</u>
Total fund balances	<u>962,036</u>	<u>158,452</u>	<u>674,479</u>	<u>1,794,967</u>
Total liabilities and fund balances	<u>\$ 1,178,624</u>	<u>\$ 307,344</u>	<u>\$ 772,608</u>	<u>\$ 2,258,576</u>

The notes of the financial statements are an integral part of this statement.

NORTHFIELD TOWNSHIP
RECONCILIATION OF STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
JUNE 30, 2008

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet		\$ 1,794,967
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Historical cost	\$ 10,513,419	
Depreciation	<u>(2,188,624)</u>	
Capital assets net of depreciation		8,324,795
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Capital leases payable	(587,060)	
Bonds payable	<u>(6,095,000)</u>	
Total		<u>(6,682,060)</u>
Net assets of governmental activities		<u><u>\$ 3,437,702</u></u>

The notes of the financial statements are an integral part of this statement.

NORTHFIELD TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Law Enforcement Fund	Non-major Funds	Total
REVENUES				
Taxes	\$ 290,480	\$ 1,551,405	\$ 1,133,320	\$ 2,975,205
State shared revenues	590,748			590,748
Licenses and permits	198		76,432	76,630
Contributions		50	1,895	1,945
Rental income	3,600		260,635	264,235
Franchise fees	90,527			90,527
Charges for services	272,546	31,562	40,301	344,409
Fines and forfeitures		44,907	4,440	49,347
Interest	73,453		17,580	91,033
Miscellaneous	1,246		296	1,542
Total revenues	<u>1,322,798</u>	<u>1,627,924</u>	<u>1,534,899</u>	<u>4,485,621</u>
EXPENDITURES				
Current:				
General government	826,950		77,288	904,238
Fire rescue			312,100	312,100
Medical rescue			354,986	354,986
Police protection		1,653,884	114	1,653,998
Senior citizens/recreation	125,415			125,415
Public works	37,401		16,131	53,532
Debt service:				
Principal		22,837	390,996	413,833
Interest/fees		2,230	318,722	320,952
Capital outlay:				
General government	14,307		17,050	31,357
Medical rescue			2,649	2,649
Police protection		71,226		71,226
Total expenditures	<u>1,004,073</u>	<u>1,750,177</u>	<u>1,490,036</u>	<u>4,244,286</u>
Excess of revenues over (under) expenditures	318,725	(122,253)	44,863	241,335
OTHER FINANCING SOURCES (USES)				
Lease proceeds		48,979		48,979
Transfers in		14,597	60,000	74,597
Transfers (out)	(70,000)		(4,597)	(74,597)
Total other financing sources (uses)	<u>(70,000)</u>	<u>63,576</u>	<u>55,403</u>	<u>48,979</u>
Net changes in fund balances	248,725	(58,677)	100,266	290,314
FUND BALANCE, JULY 1, 2007	<u>713,311</u>	<u>217,129</u>	<u>574,213</u>	<u>1,504,653</u>
FUND BALANCE, JUNE 30, 2008	<u>\$ 962,036</u>	<u>\$ 158,452</u>	<u>\$ 674,479</u>	<u>\$ 1,794,967</u>

The notes of the financial statements are an integral part of this statement.

NORTHFIELD TOWNSHIP
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Amounts reported for governmental activities in the Statement of Activities
are different because:

Net change in fund balances - governmental funds	\$ 290,314
--	------------

Governmental funds report capital outlay as expenditures.
However, in the Statement of Activities the cost of those
assets is allocated over their useful lives as depreciation
expense. The amount by which depreciation exceeded
capital outlays is as follows:

Capital outlay	\$ 84,928	
Depreciation expense	<u>(325,588)</u>	
Total		(240,660)

Repayment of bond and contracts payable is an expenditure
in the governmental funds, but the repayment reduces long-term
liabilities in the Statement of Net Assets.

Repayment of:

Capital leases / installment notes payable	143,833	
Bonds payable	<u>270,000</u>	
Total		413,833

Proceeds from long-term debt provide current financial resources
to governmental funds, but the issuing of debt increases long-term
liabilities in the Statement of Activities.

Lease proceeds	<u>(48,978)</u>
----------------	-----------------

Change in net assets of governmental activities	<u><u>\$ 414,509</u></u>
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The notes of the financial statements are an integral part of this statement.

NORTHFIELD TOWNSHIP
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2008

ASSETS

	<u>Sewer Disposal System Fund</u>	
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,271,151	
Sewer billings receivable	316,819	
Special assessment receivable	2,202,860	
Prepaid expenses	<u>6,249</u>	
Total current assets		\$ 3,797,079
RESTRICTED ASSETS		
Cash and cash equivalents - expansion projects		1,456,111
PLANT, PROPERTY AND EQUIPMENT		
Land	226,918	
Plant	2,229,393	
Plant expansion	11,345,046	
Equipment	<u>727,306</u>	
	14,528,663	
Less: accumulated depreciation	<u>(3,866,807)</u>	
Net plant, property, and equipment		<u>10,661,856</u>
Total assets		15,915,046

LIABILITIES

CURRENT LIABILITIES		
Accounts payable	59,815	
Accrued compensated absences	23,209	
Due to other funds	12,401	
Contracts payable - current portion	<u>545,000</u>	
Total current liabilities		640,425
LONG-TERM LIABILITIES		
Contracts payable - less current portion		<u>5,035,000</u>
Total liabilities		<u>5,675,425</u>

NET ASSETS

NET ASSETS		
Invested in capital assets, net of related debt	5,081,856	
Unrestricted	<u>5,157,765</u>	
Total net assets		<u><u>\$ 10,239,621</u></u>

The notes of the financial statements are an integral part of this statement.

NORTHFIELD TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Sewer Disposal System Fund</u>
OPERATING REVENUES	
User charges	\$ 1,237,100
OPERATING EXPENSES	
Salaries and wages	\$ 283,537
Payroll taxes	22,027
Hospitalization	69,062
Life insurance	4,488
Pension	26,537
Training and development	590
Testing	3,894
Operating supplies	58,304
Uniforms	3,840
Professional services	14,161
Membership and dues	2,205
Contracted services	28,241
Administration fees	35,000
Telephone	9,834
Transportation	4,354
Printing and postage	3,137
Insurance and bonds	37,653
Utilities	128,831
Repairs and maintenance	164,803
Small equipment	5,019
Depreciation	<u>340,707</u>
Total operating expenses	<u>1,246,224</u>
Operating (loss)	(9,124)
NON-OPERATING REVENUES AND (EXPENSES)	
Other income	2,011
Interest income - cash and equivalents	121,263
Interest income - special assessments	148,333
Interest expense	(356,642)
Bond fees	<u>(650)</u>
Total non-operating revenues and (expenses)	<u>(85,685)</u>
Net (loss) before capital contributions	(94,809)
CAPITAL CONTRIBUTIONS	
Tap-in fees	<u>38,500</u>
Change in net assets	(56,309)
NET ASSETS, JULY 1, 2007	<u>10,295,930</u>
NET ASSETS, JUNE 30, 2008	<u><u>\$ 10,239,621</u></u>

The notes of the financial statements are an integral part of this statement.

NORTHFIELD TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2008

		Sewage Disposal System Fund
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Cash received from users		\$ 1,233,188
Cash payments to employees		(287,939)
Cash payments to suppliers		(606,886)
Cash receipts from other funds, net		67,910
Cash receipts from county construction		<u>702,109</u>
Net cash provided by operating activities		1,108,382
CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES		
Tap-in fees collected	\$ 38,500	
Special assessments received	391,936	
Purchase of equipment/system	(211,490)	
Interest paid on long-term bonds	(356,642)	
Bond fees	(650)	
Proceeds on issuance of bonds	4,965,000	
Repayment of principal on bonds/contracts	<u>(6,030,000)</u>	
Net cash (used in) capital and related financing activities		(1,203,346)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Interest on cash and cash equivalents		<u>137,491</u>
Net increase in cash and cash equivalents		42,527
CASH AND CASH EQUIVALENTS AT, JULY 1, 2007		<u>2,684,735</u>
CASH AND CASH EQUIVALENTS AT, JUNE 30, 2008		<u><u>\$ 2,727,262</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating (loss)		\$ (9,124)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:		
Depreciation	\$ 340,707	
Other income	2,011	
Change in assets and liabilities:		
(Increase) in sewer billings receivable	(3,912)	
Decrease in due from county	702,109	
Decrease in due from other funds	55,509	
(Increase) in prepaid expenses	(890)	
Increase in accounts payable/accrued compensated absences	9,571	
Increase in due to other funds	<u>12,401</u>	
Total adjustments		<u>1,117,506</u>
Net cash provided by operating activities		<u><u>\$ 1,108,382</u></u>

The notes of the financial statements are an integral part of this statement.

PFEFFER, HANNIFORD & PALKA

Certified Public Accountants

NORTHFIELD TOWNSHIP
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
JUNE 30, 2008

	<u>Current Tax Collection Fund</u>	<u>Trust and Agency Fund</u>	<u>Totals</u>
<u>ASSETS</u>			
ASSETS			
Cash and cash equivalents	\$ 63,450	\$ 20,642	\$ 84,092
Due from county	30,072		30,072
Due from other funds		3,042	3,042
	<u>93,522</u>	<u>23,684</u>	<u>117,206</u>
Total assets	<u>\$ 93,522</u>	<u>\$ 23,684</u>	<u>\$ 117,206</u>
<u>LIABILITIES</u>			
LIABILITIES			
Due to other funds	\$ 87,216	\$	\$ 87,216
Due to others	6,306	18,484	24,790
Performance bonds		5,200	5,200
	<u>93,522</u>	<u>23,684</u>	<u>117,206</u>
Total liabilities	<u>\$ 93,522</u>	<u>\$ 23,684</u>	<u>\$ 117,206</u>

The notes of the financial statements are an integral part of this statement.

NOTES
TO
FINANCIAL
STATEMENTS

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Township relating to the funds and account groups included in the accompanying combined financial statements conform to generally accepted accounting principles applicable to state and local governments. The more significant accounting policies of the Township are described below.

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The Government-Wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Also, part of the basic financial statements are fund financial statements for governmental funds and proprietary funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Law Enforcement Fund accounts for all the activity associated with providing police protection services. This fund is primarily supported through the collection of property taxes.

The Township reports the following major enterprise fund:

The Sewage Disposal System Fund accounts for all the activity associated with the operations and maintenance of operating a sewage treatment system.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, transient occupancy taxes, licenses, fees and permits, intergovernmental revenues, charges for services, fines, forfeits and penalties, and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The proprietary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total proprietary funds on the proprietary funds financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the proprietary funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary funds financial statements.

Proprietary funds account for operations where the intent of the Township is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for any activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges of the activity, or 3) it is the policy of the Township to establish activity fees or charges to recover the cost of providing services, including capital costs.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Township has elected for proprietary funds not to apply Financial Accounting Standards Board statements issued after November 30, 1989.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs. The Township currently maintains an agency fund to account for the monies collected and paid on behalf of developer's escrow accounts.

C. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Real property is considered a capital asset regardless of initial cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	5 to 50 years
Utility plant	5 to 50 years
Machinery and equipment	2 to 40 years
Infrastructure	25 to 75 years

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

D. ACCRUED COMPENSATED ABSENCES

The Township has recorded a liability for compensated absences. The policies regarding compensated absences are outlined in the Township's "Rules of Employment".

E. BUDGETARY DATA

The board of trustees follow the procedures as outlined in the Uniform Budgeting Manual for Local Units of Government in Michigan in the establishment of the various annual budgets.

The supervisor prepares the annual budgets through information received by the clerk. The proposed budget is then submitted for discussion and approved by the entire Township board. The budget is approved by activity rather than line item. If and when it becomes necessary to amend certain amounts in the budget, a proposal outlining the desired changes is made to and approved by the Township board at any of their regular meetings. Budget appropriations made, but not expended by year end, will lapse with the fiscal year end.

For the year ended June 30, 2008, expenditures exceeded appropriations in several functional activities.

F. PROPERTY TAXES

Property tax revenues are recognized in the fiscal year for which the taxes are levied. Property taxes are levied on December 1 each year. These taxes become liens on the property at that date. These taxes are due on February 14, with the final collection date of February 28. The delinquent real property taxes of Northfield Township are purchased by Washtenaw County. The county sold tax notes, the proceeds of which will be used to pay the Township for these property taxes. This has yet to take place. The 2007 adjusted taxable value of the Township totaled \$358,112,857. The Township levies the following millage 2007:

General Township	.7997
Fire	.9640
Fire truck	.2465
Medical rescue	.9600
Police	4.3022
Public safety building	<u>.8003</u>
Total millage	<u>8.0727</u>

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

G. OTHER FINANCING SOURCES (USES)

The transfers of cash between the various funds are budgeted but reported separate from revenues and expenditures as transfers in or (out) unless they represent temporary advances that are to be repaid, in which case they are carried as assets or liabilities of the advancing or borrowing fund.

H. INVESTMENTS

Investments are stated at lower of cost or market.

I. CASH EQUIVALENTS

For purposes of the statement of cash flows, demand deposits and short-term investments with a maturity date of three months or less when acquired are considered to be cash equivalents.

J. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 39, certain other governmental organizations are considered to be part of the reporting entity for financial statement purposes.

The criteria established by GASB Statement No. 39 for various governmental organizations to be included in the reporting entity's financial statements include accountability, control, and significant financial relationships.

The accompanying financial statements of Northfield Township as of June 30, 2008, include any and all boards, agencies, funds and account groups under the jurisdiction of the Northfield Township Board.

NOTE 3 - DUE FROM NORTHFIELD TOWNSHIP AREA LIBRARY

On May 15, 1989, the Township entered into a land contract with the Northfield Township Library Board for the purchase of property commonly known as the "Dodge House". This transaction, which represents monies expended from the Northfield Township general fund, was in the original amount of \$112,500, and is to be amortized over thirty-five (35) years, without interest. Annual installments of \$3,215 started on February 22, 1993. The total outstanding balance at June 30, 2008 was \$61,071.

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the governmental funds for the year ended June 30, 2008 was as follows:

	Balance 7/1/2007	Additions	Deletions	Balance 6/30/2008
Land	\$ 299,926	\$ 2,639	\$	\$ 302,565
Building and improvements	8,070,394	15,550		8,085,944
Machinery and equipment	2,078,871	66,739	(20,700)	2,124,910
Total capital assets	10,449,191	84,928	(20,700)	10,513,419
Accumulated depreciation	(1,883,736)	(325,588)	20,700	(2,188,624)
Governmental activities capital assets, net	<u>\$ 8,565,455</u>	<u>\$ (240,660)</u>	<u>\$</u>	<u>\$ 8,324,795</u>

Depreciation expense is being recorded in the government-wide statement of activities based upon the fund and activity utilizing the assets. The Township utilizes the straight line method to depreciate capital assets over their estimated useful lives. There is \$6,682,060 of debt associated with these capital assets.

Depreciation expense was distributed to the various activities as follows:

General government	\$ 14,074
Fire protection and medical rescue	207,017
Police protection	96,924
Senior center	7,573
Total	<u>\$ 325,588</u>

A summary of changes in proprietary fixed assets and accumulated depreciation is as follows:

	Balance 7/1/2007	Additions	Deletions	Balance 6/30/2008
FIXED ASSETS				
Land	\$ 226,918	\$	\$	\$ 226,918
Plant	2,229,393			2,229,393
Plant expansion	10,805,275	539,771		11,345,046
Equipment	609,106	118,200		727,306
Total capital assets	<u>\$ 13,870,692</u>	<u>\$ 657,971</u>	<u>\$</u>	<u>\$ 14,528,663</u>
ACCUMULATED DEPRECIATION	<u>\$ 3,526,100</u>	<u>\$ 340,707</u>	<u>\$</u>	<u>\$ 3,866,807</u>
CONSTRUCTION IN PROGRESS	<u>\$ 446,481</u>	<u>\$ 90,294</u>	<u>\$ 536,775</u>	<u>\$</u>

There is \$6,645,000 of debt associated with these capital assets.

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 5 - LONG-TERM DEBT

The following is a summary of the Township's governmental activity long-term debt:

Capital Lease

1. On September 26, 2005 the Township entered into a lease agreement with Kansas State Bank of Manhattan to purchase two (2) fire trucks and refinance of one medical rescue truck. The Township is required to make annual payments in arrears of \$13,575 for the first three years and \$48,109 for the remaining seven years. At the end of the lease term title to all leased assets passes to the Township. Interest of 4.85% is being charged on the lease. The lease is scheduled to expire on October 1, 2015. The outstanding principal balance was \$279,895 at June 30, 2008.
2. On October 6, 2006 the Township entered into a lease with Ford Motor Credit to purchase a 2007 Ford Crown Victoria. The Township is required to make three annual payments of \$8,715 until the lease expires in October of 2008. At the end of the lease term, the Township has a \$1 bargain purchase option. Interest of 6.80% is being charged on the lease. The outstanding principal balance at June 30, 2008 was \$8,160.
3. On April 12, 2006 the Township entered into a lease agreement with Mine Safety Appliances Company to purchase a thermal imaging camera. The Township is required to make semi-annual payments of \$1,666 in April and October until the lease expires in April 2009. At the end of the lease, a free and clear title passes to the Township. Interest of 6.165% is being charged on the lease. The outstanding principal balance at June 30, 2008 was \$3,184.
4. On November 19, 2007 the Township entered into a lease agreement with Ford Motor Credit to purchase a 2008 Crown Victoria police cruiser. The Township is required to make three annual payments of \$8,939 until the lease expires in November of 2009. At the end of the lease term, the Township has a \$1 bargain purchase option. Interest of 6.9% is being charged on the lease. The outstanding principal balance of June 30, 2008 was \$16,185.
5. On September 12, 2007 the Township entered into a lease agreement with Fleetwood Financial to purchase digital video equipment for police cruisers. The Township is required to make annual payments of \$8,822 until the lease expires in September 2011. At the end of the lease term title passes to the Township. Interest of 3.00% is being charged on the lease. The outstanding principal balance at June 30, 2008 was \$32,793.

Bonds Payable

1. Bonds payable to National City Bank for the financing of the construction costs for the new public safety building. Principal payments ranging from \$50,000 to \$275,000 are due annually on April 1 and maturing on April 1, 2022. Interest is charged at 6.0% to 4.0%, payable semi-annually. The outstanding balance of the note at June 30, 2008 was \$3,100,000.
2. Bonds payable to National City Bank for the financing of the construction costs for the new public safety building. Principal payments ranging from \$75,000 to \$250,000 are due annually on April 1 and maturing on April 1, 2023. Interest is charged at 3.25% to 5.0%, payable semi-annually. The outstanding balance of the note at June 30, 2008 was \$2,575,000.
3. Bonds payable to National City Bank for the financing of the construction costs for the new public safety building. Principal payments ranging from \$15,000 to \$50,000 are due annually on April and maturing on April 1, 2023. Interest is charged at 3.10% to 5.10%, payable semi-annually. The outstanding balance of the note at June 30, 2008 was \$420,000.

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 5 - LONG-TERM DEBT - continued

Installment Loans Payable

1. Installment loan payable to J.P. Morgan Chase for the financing of a pumper truck. Principal payments ranging from \$15,000 to \$24,886 are due annually on December 1 and mature December 2009. Interest is charged at 5.15%, payable annually. The outstanding balance of the note at June 30, 2008 was \$52,886.
2. Installment loan payable to J.P. Morgan Chase for the financing of a platform truck. Principal payments ranging from \$35,000 to \$98,957 are due annually on December 1 and mature December 2009. Interest is charged at 5.15%, payable annually. The outstanding balance of the note at June 30, 2008 was \$193,957.

The following is a schedule of changes in the long-term debt of governmental activities:

	Balance 7/1/2007	Additions	Payments	Balance 6/30/2008	Amount Due Within One Year
Capitalized Lease					
General Motors Acceptance Corporation	\$ 8,246	\$	\$ 8,246	\$	\$
General Motors Acceptance Corporation	6,951		6,951		
Ford Motor Credit	15,800		7,640	8,160	8,160
Mine Safety	6,180		2,996	3,184	3,184
Kansas State Bank	279,895			279,895	
Ford Motor Credit		16,185		16,185	7,822
Fleetwood Financial		32,793		32,793	7,838
Total capitalized leases	317,072	48,978	25,833	340,217	27,004
Bonds Payable					
National City	3,250,000		150,000	3,100,000	175,000
National City	2,675,000		100,000	2,575,000	100,000
National City	440,000		20,000	420,000	20,000
Total bonds payable	6,365,000		270,000	6,095,000	295,000
Installment Loans Payable					
J.P. Morgan Chase	80,886		28,000	52,886	28,000
J.P. Morgan Chase	283,957		90,000	193,957	95,000
Total installment loans payable	364,843		118,000	246,843	123,000
Governmental activities capital assets, net	\$ 7,046,915	\$ 48,978	\$ 413,833	\$ 6,682,060	\$ 445,004

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 5 - LONG-TERM DEBT - continued

The following is a schedule of principal and interest payments to service the governmental long-term obligations of the Township:

Year Ending:	Capitalized Leases		Bonds Payable		Installment Loans Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008-2009	\$ 27,004	\$ 16,379	\$ 295,000	\$ 270,785	\$ 123,000	\$ 12,713	\$ 445,004	\$ 299,877
2009-2010	50,971	14,901	320,000	255,665	123,843	6,378	494,814	276,944
2010-2011	44,525	12,406	320,000	239,475			364,525	251,881
2011-2012	46,530	10,401	345,000	223,225			391,530	233,626
2012-2013	39,806	8,303	375,000	209,100			414,806	217,403
2013-2018	131,381	12,945	2,100,000	802,725			2,231,381	815,670
2018-2023			2,340,000	306,190			2,340,000	306,190
Totals	<u>\$ 340,217</u>	<u>\$ 75,335</u>	<u>\$ 6,095,000</u>	<u>\$ 2,307,165</u>	<u>\$ 246,843</u>	<u>\$ 19,091</u>	<u>\$ 6,682,060</u>	<u>\$ 2,401,591</u>

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 5 - LONG TERM DEBT - continued

The following is a summary of bonds payable debt for the business-type activities for the year ending June 30, 2008:

1. Loan payable to Washtenaw County for the financing of the wastewater system expansion project. Principal payable in annual installments ranging from \$100,000 to \$275,000 starting November 1, 1997, interest is charged at 4.7% to 7.625%, payable semi-annually. These bonds were refunded with a refunding bond issued in September 2007. A portion of sewer billings are used to finance the debt service of these bonds.
2. Loan payable to Washtenaw County to finance the construction costs of the Eight Mile Road Pump Station. Principal payable in annual installments ranging from \$25,000 to \$100,000 starting May 1, 2004, interest is charged at 5.3% to 5.9%, payable semi-annually. These bonds were refunded with a refunding bond issued in September 2007.
3. Loan payable to Washtenaw County to finance the sanitary sewer system expansion at North Territorial Road. Principal payable in annual installments ranging from \$125,000 to \$200,000 starting May 1, 2004, interest is charged at 6.01%, payable semi-annually. These bonds were refunded with a refunding bond issued in September 2007.
4. Loan payable to Washtenaw County to finance the sanitary sewer system expansion at Seven Mile Road. Principal payable in annual installments ranging from \$30,000 to \$45,000 starting April 2006, and maturing on April 2022. Interest is paid semi-annually charged at 3.7% to 4.5%. Outstanding balance of the bonds was \$550,000 at June 30, 2008.
5. Loan payable to Michigan Municipal Bond Authority to finance the refunding bonds for the 1992 junior lien bonds originally issued in 1992. A net present value savings of \$84,344 was created by issuing these refunding bonds due to decline in interest rates. Principal payable in annual installments ranging from \$30,000 to \$45,000 starting April 2006, and maturing on April 2022. Interest is paid semi-annually charged at 2.0% to 4.5%. Outstanding balance of the bonds was \$540,000 at June 30, 2008.
6. Loan payable to Washtenaw to finance the refunding bonds for the various expansion project bonds. A net present value savings of \$243,781 was created by issuing these refunding bonds due to decline in interest rates. Principal payable in annual installments ranging from \$485,000 to \$555,000 starting May 2008, and maturing on May 2017. Interest is paid semi-annually charged at 4.25%. Outstanding balance of the bonds was \$4,490,000 at June 30, 2008.

The following is a schedule of changes in the long-term debt of business-type activities:

	Balance 7/1/2007	Additions	Deletions	Balance 6/30/2008	Amount Due Within One Year
Washtenaw County					
Expansion - 1997	\$ 2,275,000	\$	\$ 2,275,000	\$	\$
Eight Mile Pump Station	1,050,000		1,050,000		
Expansion - North Territorial	2,175,000		2,175,000		
Expansion - Seven Mile	575,000		25,000	550,000	25,000
Expansion - 2007 refunding		4,965,000	475,000	4,490,000	490,000
Michigan Municipal Bond Authority:					
1992 junior lien refunding	570,000		30,000	540,000	30,000
Total business-type activities long-term debt	<u>\$ 6,645,000</u>	<u>\$ 4,965,000</u>	<u>\$ 6,030,000</u>	<u>\$ 5,580,000</u>	<u>\$ 545,000</u>

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 5 - LONG TERM DEBT - continued

The following is a schedule of principal and interest payments to service the business-type long term obligations of the Township:

	Bonds Payable		
	Principle	Interest	Total
2008 - 2009	\$ 545,000	\$ 234,986	\$ 779,986
2009 - 2010	540,000	212,599	752,599
2010 - 2011	545,000	190,339	735,339
2011 - 2012	565,000	167,751	732,751
2012 - 2013	555,000	144,076	699,076
2013 - 2018	2,450,000	349,187	2,799,187
2018 - 2022	380,000	43,863	423,863
Totals	<u>\$ 5,580,000</u>	<u>\$ 1,342,801</u>	<u>\$ 6,922,801</u>

NOTE 6 - PENSION PLAN - DEFINED CONTRIBUTION PLAN

The defined contribution plan of Northfield Township is a fully insured plan funded by both employer (2/3) and employee (1/3) contributions. An employee may make voluntary contributions of up to 10% of their annual compensation. All participants are vested 100% immediately. The Northfield Township Area Library participates with the Township in this plan and is included in all subsequent data regarding the plan.

A participant includes all full-time employees as of the beginning of the anniversary date or June 1st of each year. The annual contributions are based on the following formula:

Employer contributes 10% of wages
Employee contributes 5% of wages

Annual contribution
to pension plan 15% of wages

The plan name is "Group Pension Plan" #GN 53402 through John Hancock Financial. A summary of the plan's activity for the period July 1, 2007 to June 30, 2008, is as follows:

Balance in guaranteed account July 1, 2007	\$ 2,367,836
Current year contributions	
Township portion	\$ 93,582
Employee portion	<u>55,990</u>
Total contributions	149,572
Distributions/fees	(11,487)
Investment losses plus asset charges	<u>(259,642)</u>
Balance in guaranteed account June 30, 2008.	<u>\$ 2,246,279</u>

Interest has been credited to June 30, 2008.

A contribution of \$93,582 was made in the fiscal year ended June 30, 2008.

Total payroll was \$2,000,491, for the fiscal year ended June 30, 2008.

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 7 - DEFINED BENEFIT PENSION PLAN

Plan Description - The Northfield Township Police Department elected on July 24, 2006 to participate in the Michigan Municipal Employees Retirement System (MERS) which is an agent multiple-employer, state-wide, defined benefit public employee retirement plan created under Public Act 135 of 1945 and now operates under Public Act 220 of 1996. MERS was established by the State of Michigan for purposes of providing retirement, survivor and disability benefits on a voluntary basis to the State's local government employees. Under Public Act 220, MERS became an independent public non-profit corporation independent from State government. The effective date of independence was August 15, 1996, at which time MERS ceased to be a part of the State of Michigan, Department of Management and Budget. The Township has no fiduciary responsibility for the plan. All full-time officers and supervisors of the police department are eligible to participate in the plan immediately upon employment.

As of December 31, 2007, the police department had twelve (12) covered employees and twenty-one (21) total employees. Covered payroll for the year then ended was \$526,406.

The police department is covered under plan section 19A (B-3/V8). The plan provides for vesting of benefits after eight years of service. Participants may elect normal retirement at age 60, with 10 or more years of service. The plan also provides for early retirement at age 55, with 15 or more years of service, and at age 50 with 25 or more years of service.

Employees contribute 5% of gross wages to the plan.

The police department currently has no retirants or beneficiaries in the plan.

The following information, which is the most current available, was obtained from the Township's actuarial consultants, Gabriel, Roeder, Smith & Company. The amount disclosed as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to (a) help users assess the plan's funding status on a going-concern basis, (b) assess progress being made in accumulating sufficient assets to pay benefits when due, and (c) allow for comparisons among public employee retirement plans. The measure is independent of the actuarial funding method used to determine contributions to the plan.

The pension benefit obligation was determined as part of an actuarial valuation of the plan as of December 31, 2007. Significant actuarial assumptions used in determining the pension benefit obligation include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 4.2% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% per year (annually) after retirement.

At December 31, 2007, the unfunded pension benefit obligation was \$ 124,201, determined as follows:

Pension benefit obligation	
Retirees and beneficiaries currently receiving benefits	\$
Terminated employees not yet receiving benefits	59,395
Non-vested terminated employees	
Current employees	
Accumulated employee contribution, including allocated investment income	317,539
Employer financed	<u>251,419</u>
Total pension benefit obligation	628,353
Net assets available for benefits, at cost (at market)	<u>504,152</u>
Unfunded actuarial accrued liability	<u><u>\$ 124,201</u></u>

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 8 - INTERFUND RECEIVABLE AND PAYABLE BALANCES AND TRANSFERS

Interfund receivables and payables exist at June 30, 2008. These represent short-term borrowings and amounts owed for reimbursements between other funds.

The following is a summary of the outstanding borrowings between the various funds of the Township:

	<u>Interfund Receivable</u>		<u>Interfund Receivable</u>
General Fund	\$ 56,099	Current Tax Collection Fund	\$ 56,099
General Fund	901	Narcotics Fund	901
General Fund	11,261	Law Enforcement Fund	11,261
General Fund	9,594	Building Department Fund	9,594
General Fund	4,816	Medical Rescue Fund	4,816
General Fund	12,401	Sewer Fund	12,401
Fire Protection Fund	4,773	Current Tax Collection Fund	4,773
Fire Protection Fund	42,955	Medical Rescue Fund	42,955
Law Enforcement Fund	21,301	Current Tax Collection Fund	21,301
Law Enforcement Fund	4,374	Narcotics Fund	4,374
Law Enforcement Fund	801	Fire Protection Fund	801
Medical Rescue Fund	4,753	Current Tax Collection Fund	4,753
Public Safety Building Debt Service Fund	2,167	General Fund	2,167
Public Safety Building Debt Service Fund	2,167	Fire Protection Fund	2,167
Public Safety Building Debt Service Fund	4,333	Law Enforcement Fund	4,333
Public Safety Building Debt Service Fund	2,167	Medical Rescue Fund	2,167
Trust and Agency Fund	2,752	General Fund	2,752
Trust and Agency Fund	<u>290</u>	Current Tax Collection Fund	<u>290</u>
Total interfund receivables	<u><u>\$ 187,905</u></u>		<u><u>\$ 187,905</u></u>

Interfund transfers for the year ended June 30, 2008 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>	<u>Amount</u>
Medical Rescue Fund	General Fund	Pay operating expenditures	\$ 60,000
Law Fund	General Fund	Pay operating expenditures	10,000
Law Fund	Narcotics Fund	Pay operating expenditures	4,597
			<u><u>\$ 74,597</u></u>

NOTE 9 - SEGMENT INFORMATION - BUSINESS-TYPE ACTIVITIES

Selected financial information with respect to the enterprise fund maintained by the Township for sewage disposal service is as follows:

	<u>Sewage Disposal Fund</u>
Operating revenues	\$ 1,237,100
Depreciation	340,707
Operating (loss)	(9,124)
Net working capital	1,498,794
Total assets	15,915,046
Total fund equity	10,239,621

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 10 - DEPOSITS WITH FINANCIAL INSTITUTIONS

Michigan Compiled Laws Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township deposits are in accordance with statutory authority. The Township's deposits and investments are in accordance with statutory authority.

The governmental Accounting Standards Board Statement No. 40 risk disclosures for the Township's deposits are as follows:

<u>Deposits</u>	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Total</u>	<u>Bank Balance</u>
Insured	\$ 300,000	\$	\$ 300,000	\$ 300,000
Uninsured and uncollateralized	<u>4,197,351</u>	<u>84,092</u>	<u>4,281,443</u>	<u>4,450,065</u>
Total deposits	<u>\$ 4,497,351</u>	<u>\$ 84,092</u>	<u>\$ 4,581,443</u>	<u>\$ 4,750,065</u>

The Township has a board approved investment policy.

The Township's cash and investments are subject to types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. As year end, the Township had \$4,450,065 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

NOTE 11 - STATEMENT OF CASH FLOWS

Pursuant to the Governmental Accounting Standards Board (GASB) statement number 9, a statement of cash flows is presented. The purpose of the statement of cash flows is to explain the change in cash and cash equivalents during the year. Cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less. The direct method was utilized to represent cash flows from operations. The following is a schedule of beginning and ending cash and cash equivalents:

	<u>6/30/2007</u>	<u>6/30/2008</u>
Current assets		
Cash and cash equivalents	\$ 1,186,042	\$ 1,271,151
Restricted assets		
Cash and cash equivalents	<u>1,498,693</u>	<u>1,456,111</u>
Total cash and cash equivalents	<u>\$ 2,684,735</u>	<u>\$ 2,727,262</u>

NORTHFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 12 - CONTINGENT LIABILITIES

A former consultant for the Township has instituted a suit against the Township for reimbursement in excess of \$140,000 of engineering and consulting fees in conjunction with work allegedly performed on its sewage treatment system. It is reasonably possible that this amount will have to be paid from the Township, and accordingly, have accrued a contingent liability of \$140,000.

In other litigation, the Township had a complaint filed against it in the Washtenaw County Circuit Court by a developer. The Complaint seeks mandamus; a writ of superintending control; an order to show cause; declaratory relief; damages; injunctive and other relief; an appeal from the zoning board of appeals; and a demand for trial by jury. The Complaint alleges that the plaintiffs have incurred a material amount in damages and requests that the Court overturn a referendum vote. The Complaint has been forwarded to the Township's insurance carrier which has indicated the Township's insurance maximum liability coverage in this case is \$140,000. Management believes they will exceed this coverage within the next fiscal year, but cannot estimate the extent of possible future costs to the Township.

The Township is involved in various other legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of the Township.

NOTE 13 - FEDERAL GRANT ACTIVITIES

The Township has been a recipient of several federal grant funds for law enforcement and medical rescue activities in previous fiscal years. These funds are subject to federal grant audit requirements.

NOTE 14 - PROJECT UNCERTAINTY

The Township has \$6,365,000 of bonds due for the public safety building. Currently, the Township has levied .7494 mills in order to service this debt. Cash flow projections are unclear as to whether the Township will be able to fulfill the debt service requirements from these existing bonds. The Township is considering various options to remedy this potential problem.

NOTE 15 - POST EMPLOYMENT BENEFITS

The Township approved a resolution to offer all eligible full-time employees/elected officials medical, hospitalization, and dental insurance. To be eligible one must complete twenty (20) years of service and have obtained the age of fifty-five (55). The Township only contributes the costs of having coverage as a single person. As of the year ended June 30, 2008 there were no individuals receiving these benefits. There are two individuals that may qualify to receive these benefits, but isn't expected to collect until next year.

There were no expenditures made on behalf of the individuals eligible for post employment benefits for the fiscal year ending June 30, 2008. The Township is funding this program on a pay-as-you-go basis and has not obtained an actuarial evaluation of future obligations.

The Governmental Accounting Standards Board has released Statement Number 45, Accounting and Reporting by Employers for Post Employment Benefits Other Than Pensions. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" post employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009.

REQUIRED
SUPPLEMENTARY INFORMATION

NORTHFIELD TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$	\$	\$ 290,480	\$
Licenses and permits			198	
State shared revenues			590,748	
Charges for services			328,073	
Interest			73,453	
Miscellaneous revenue			39,846	
Total revenues	1,285,525	1,267,525	1,322,798	55,273
EXPENDITURES				
Township board			29,177	
Supervisor			69,498	
Elections			6,090	
Clerk			68,990	
Board of review			7,608	
Treasurer			79,324	
Assessor			57,361	
Township hall and grounds			181,918	
Zoning and planning departments			97,729	
Professional fees			139,557	
Downtown Development Authority			2,820	
Human services contract			4,600	
Roads			15,422	
Street lights			17,364	
Capital outlay			14,307	
Clean up and recycling			15	
Recreation			2,827	
Rent - PSB			86,878	
Senior Center			122,588	
Total expenditures	980,383	965,383	1,004,073	(38,690)
Excess of revenues over (under) expenditures	305,142	302,142	318,725	16,583
OTHER SOURCES FINANCING (USES)				
Transfers (out)	(70,000)	(95,000)	(70,000)	25,000
Net change in fund balance	235,142	207,142	248,725	41,583
FUND BALANCE, JULY 1, 2007	713,311	713,311	713,311	
FUND BALANCE, JUNE 30, 2008	\$ 948,453	\$ 920,453	\$ 962,036	\$ 41,583

NORTHFIELD TOWNSHIP
LAW ENFORCEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$	\$	\$ 1,551,405	\$
Fines and court fees			44,907	
Traffic tickets and impound fees			5,570	
Liquor law license fees			2,916	
Justice training fund			1,283	
Interest			2,628	
Donations			50	
Insurance proceeds			3,846	
Charges for services			15,319	
Total revenues	1,648,000	1,611,553	1,627,924	16,371
EXPENDITURES	1,663,370	1,712,860	1,750,177	(37,317)
Excess of revenues over (under) expenditures	(15,370)	(101,307)	(122,253)	(20,946)
OTHER SOURCES FINANCING (USES)				
Disposal of capital assets	6,000	6,000		(6,000)
Lease proceeds		16,200	48,979	32,779
Transfers in	10,000	10,000	14,597	4,597
Total other financing sources	16,000	32,200	63,576	31,376
Net change in fund balance	630	(69,107)	(58,677)	10,430
FUND BALANCE, JULY 1, 2007	217,129	217,129	217,129	
FUND BALANCE, JUNE 30, 2008	\$ 217,759	\$ 148,022	\$ 158,452	\$ 10,430

NORTHFIELD TOWNSHIP
SCHEDULE OF PENSION FUNDING PROGRESS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2008

In accordance with the Governmental Accounting Standards Board Statements No. 25 and 27, the following information is a required part of the basic financial statements.

POLICE EMPLOYEES

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (Overfunded) Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2006	\$ 401,658	\$ 559,388	\$ 157,730	71.8%	\$ 544,569	29.0%
December 31, 2007	\$ 504,152	\$ 628,353	\$ 124,201	80.2%	\$ 526,406	23.6%

SUPPLEMENTARY
INFORMATION

COMBINING
FINANCIAL
STATEMENTS

NORTHFIELD TOWNSHIP
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
JUNE 30, 2008

	<u>Building Department Fund</u>	<u>Fire Protection Fund</u>	<u>Fire Truck Fund</u>
<u>ASSETS</u>			
ASSETS			
Cash and cash equivalents	\$ 26,455	\$ 129,897	\$ 98,049
Taxes receivable		5,829	1,798
Accounts receivable - other			
Due from other funds		47,728	
Prepaid expenditures	<u>618</u>		
Total assets	<u><u>\$ 27,073</u></u>	<u><u>\$ 183,454</u></u>	<u><u>\$ 99,847</u></u>
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Accounts payable	\$ 3,692	\$	\$
Accrued compensated absences	6,516		
Due to other funds	<u>9,594</u>	<u>2,968</u>	
Total liabilities	19,802	2,968	
FUND BALANCE	<u>7,271</u>	<u>180,486</u>	<u>99,847</u>
Total liabilities and fund balance	<u><u>\$ 27,073</u></u>	<u><u>\$ 183,454</u></u>	<u><u>\$ 99,847</u></u>

<u>Medical Rescue Fund</u>	<u>Law Enforcement Fund</u>	<u>Narcotics Fund</u>	<u>Downtown Development Authority Fund</u>	<u>Totals</u>
\$ 213,789	\$ 242,746	\$ 18,350	\$ 136,576	\$ 865,862
3,416	11,329			22,372
	5,585			5,585
4,753	26,476			78,957
3,057	21,208			24,883
<u>\$ 225,015</u>	<u>\$ 307,344</u>	<u>\$ 18,350</u>	<u>\$ 136,576</u>	<u>\$ 997,659</u>
\$ 4,781	\$ 17,202	\$	\$ 2,203	\$ 27,878
5,937	116,096			128,549
49,938	15,594	5,275		83,369
60,656	148,892	5,275	2,203	239,796
164,359	158,452	13,075	134,373	757,863
<u>\$ 225,015</u>	<u>\$ 307,344</u>	<u>\$ 18,350</u>	<u>\$ 136,576</u>	<u>\$ 997,659</u>

NORTHFIELD TOWNSHIP
COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2008

	Current Tax Collection Fund	Trust and Agency Fund	Totals
	<hr/>	<hr/>	<hr/>
<u>ASSETS</u>			
ASSETS			
Cash and cash equivalents	\$ 63,450	\$ 20,642	\$ 84,092
Due from county	30,072		30,072
Due from other funds		3,042	3,042
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 93,522</u>	<u>\$ 23,684</u>	<u>\$ 117,206</u>
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>			
LIABILITIES			
Due to other funds	\$ 87,216	\$	\$ 87,216
Due to others	6,306	18,484	24,790
Performance bonds		5,200	5,200
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>\$ 93,522</u>	<u>\$ 23,684</u>	<u>\$ 117,206</u>
	<hr/>	<hr/>	<hr/>

NORTHFIELD TOWNSHIP
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ALL SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	Building Department Fund	Fire Protection Fund	Fire Truck Fund	Medical Rescue Fund
REVENUES				
Taxes	\$	\$ 347,626	\$ 88,876	\$ 346,170
Fines and forfeits				
Charges for services	1,090	28		39,183
Licenses and permits	76,432			
Interest	589	5,605	3,500	225
Donations				395
Other revenue	116		7	152
	<u>78,227</u>	<u>353,259</u>	<u>92,383</u>	<u>386,125</u>
Total revenues				
EXPENDITURES				
General government	94,061			
Fire protection		312,100		
Medical rescue				357,635
Police protection				
Debt service		49,100	105,033	
	<u>94,061</u>	<u>361,200</u>	<u>105,033</u>	<u>357,635</u>
Total expenditures				
Excess of revenues over (under) expenditures	<u>(15,834)</u>	<u>(7,941)</u>	<u>(12,650)</u>	<u>28,490</u>
OTHER FINANCING SOURCES (USES)				
Lease proceeds				
Transfers in				60,000
Transfers (out)				
	<u></u>	<u></u>	<u></u>	<u>60,000</u>
Total other financing sources (uses)				
Net changes in fund balances	(15,834)	(7,941)	(12,650)	88,490
FUND BALANCE, JULY 1, 2007	<u>23,105</u>	<u>188,427</u>	<u>112,497</u>	<u>75,869</u>
FUND BALANCE, JUNE 30, 2008	<u>\$ 7,271</u>	<u>\$ 180,486</u>	<u>\$ 99,847</u>	<u>\$ 164,359</u>

Law Enforcement Fund	Narcotics Fund	Downtown Development Authority Fund	Totals
\$ 1,551,405	\$	\$ 62,050	\$ 2,396,127
44,907	4,440		49,347
22,172			62,473
2,916			79,348
2,628	77	3,251	15,875
50			445
3,846			4,121
<u>1,627,924</u>	<u>4,517</u>	<u>65,301</u>	<u>2,607,736</u>
		16,131	110,192
			312,100
			357,635
1,725,110	114		1,725,224
25,067			179,200
<u>1,750,177</u>	<u>114</u>	<u>16,131</u>	<u>2,684,351</u>
<u>(122,253)</u>	<u>4,403</u>	<u>49,170</u>	<u>(76,615)</u>
48,979			48,979
14,597			74,597
	(4,597)		(4,597)
<u>63,576</u>	<u>(4,597)</u>		<u>118,979</u>
(58,677)	(194)	49,170	42,364
217,129	13,269	85,203	715,499
<u>\$ 158,452</u>	<u>\$ 13,075</u>	<u>\$ 134,373</u>	<u>\$ 757,863</u>

NORTHFIELD TOWNSHIP
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ALL DEBT SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	<u>Building Authority</u>	<u>Public Safety Building</u>	<u>Total</u>
REVENUES			
Property taxes	\$	\$ 288,598	\$ 288,598
Interest income		4,333	4,333
Rental income	260,635		260,635
Donations		1,500	1,500
Miscellaneous		21	21
	<u>260,635</u>	<u>294,452</u>	<u>555,087</u>
Total revenues			
	<u>260,635</u>	<u>294,452</u>	<u>555,087</u>
EXPENDITURES			
Loan - principal	120,000	150,000	270,000
Loan - interest	140,635	143,700	284,335
Office overhead		1,527	1,527
	<u>260,635</u>	<u>295,227</u>	<u>555,862</u>
Total expenditures			
	<u>260,635</u>	<u>295,227</u>	<u>555,862</u>
Net changes in fund balances		(775)	(775)
FUND BALANCE, JULY 1, 2007		75,843	75,843
	<u>\$</u>	<u>\$ 75,068</u>	<u>\$ 75,068</u>
FUND BALANCE, JUNE 30, 2008			
	<u>\$</u>	<u>\$ 75,068</u>	<u>\$ 75,068</u>

INDIVIDUAL FUNDS

GENERAL
FUND

NORTHFIELD TOWNSHIP
GENERAL FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 838,159
Taxes receivable	3,649
State shared revenue receivable	97,600
Accounts receivable - lien	65,537
Accounts receivable - other	3,922
Due from other funds	95,072
Due from township area library	61,242
Prepaid expenditures	<u>13,443</u>
Total assets	<u><u>\$ 1,178,624</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 50,545
Accrued compensated absences	4,773
Due to others	6,351
Due to other funds	4,919
Contingent liability	<u>150,000</u>
Total liabilities	\$ 216,588

FUND BALANCE

Reserved	61,242
Unreserved	<u>900,794</u>
Total fund balance	<u>962,036</u>
Total liabilities and fund balance	<u><u>\$ 1,178,624</u></u>

NORTHFIELD TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$ 290,802	\$ 290,480	\$ (322)
Licenses and permits		198	198
State shared revenues	589,829	590,748	919
Charges for services	270,294	328,073	57,779
Interest	70,000	73,453	3,453
Miscellaneous revenue	46,600	39,846	(6,754)
	<u>1,267,525</u>	<u>1,322,798</u>	<u>55,273</u>
Total revenues			
EXPENDITURES			
Township board	33,551	29,177	4,374
Supervisor	79,025	69,498	9,527
Elections	7,000	6,090	910
Clerk	71,978	68,990	2,988
Board of review	13,270	7,608	5,662
Treasurer	87,226	79,324	7,902
Assessor	55,172	57,361	(2,189)
Township hall and grounds	173,850	181,918	(8,068)
Zoning and planning departments	92,909	97,729	(4,820)
Professional fees	92,000	139,557	(47,557)
Downtown Development Authority		2,820	(2,820)
Human services contract	4,600	4,600	
Roads	30,000	15,422	14,578
Street lights	15,000	17,364	(2,364)
Capital outlay	2,100	14,307	(12,207)
Clean up and recycling	3,500	15	3,485
Recreation	3,650	2,827	823
Rent - PSB	101,278	86,878	14,400
Senior Center	99,274	122,588	(23,314)
	<u>965,383</u>	<u>1,004,073</u>	<u>(38,690)</u>
Total expenditures			
Excess of revenues over (under) expenditures	302,142	318,725	16,583
OTHER SOURCES FINANCING (USES)			
Transfers (out)	(95,000)	(70,000)	25,000
	<u>207,142</u>	<u>248,725</u>	<u>41,583</u>
Net change in fund balance			
FUND BALANCE, JULY 1, 2007	713,311	713,311	
FUND BALANCE, JUNE 30, 2008	<u>\$ 920,453</u>	<u>\$ 962,036</u>	<u>\$ 41,583</u>

NORTHFIELD TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
TAXES	<u>\$ 290,802</u>	<u>\$ 290,480</u>	<u>\$ (322)</u>
LICENSES AND PERMITS	<u></u>	<u>198</u>	<u>198</u>
STATE SHARED REVENUES	<u>589,829</u>	<u>590,748</u>	<u>919</u>
CHARGES FOR SERVICES			
Elections		4,449	
Tax administration fees		153,100	
Cablevision franchise fees		90,527	
Fiber footage fees		9,398	
Zoning fees		14,350	
Site plan reviews		3,779	
Split applications		900	
Mobile home park fees		2,862	
Summer tax collection fees		13,410	
Duplicating		801	
Senior citizens		34,497	
Total charges for services	<u>270,294</u>	<u>328,073</u>	<u>57,779</u>
INTEREST	<u>70,000</u>	<u>73,453</u>	<u>3,453</u>
MISCELLANEOUS REVENUE			
Sewer/library administration reimbursement		35,000	
Other reimbursement		1,246	
Rental income		3,600	
Total miscellaneous revenue	<u>46,600</u>	<u>39,846</u>	<u>(6,754)</u>
Total revenues	<u>\$ 1,267,525</u>	<u>\$ 1,322,798</u>	<u>\$ 55,273</u>

NORTHFIELD TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TOWNSHIP BOARD			
Fees	\$	\$ 11,000	\$
Payroll taxes		842	
Insurance		791	
Pension		1,021	
Membership and dues		8,877	
Printing and publishing		5,618	
Miscellaneous		1,028	
	<u>33,551</u>	<u>29,177</u>	<u>4,374</u>
Total township board			
SUPERVISOR			
Supervisor's salary		39,934	
Payroll taxes		5,908	
Insurance - benefits		17,082	
Pension		5,464	
Dues and subscriptions		90	
Training and development		473	
Transportation		522	
Miscellaneous		25	
	<u>79,025</u>	<u>69,498</u>	<u>9,527</u>
Total supervisor			
ELECTIONS			
Fees		3,273	
Office supplies		2,337	
Printing and postage		480	
	<u>7,000</u>	<u>6,090</u>	<u>910</u>
Total elections			
CLERK			
Clerk's salary		40,864	
Payroll taxes		4,659	
Insurance - benefits		775	
Pension		3,936	
Recording secretary		3,630	
Deputy clerk's salary		13,140	
Membership and dues		30	
Transportation		422	
Training and development		1,534	
	<u>71,978</u>	<u>68,990</u>	<u>2,988</u>
Total clerk			

NORTHFIELD TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
BOARD OF REVIEW			
Fees		1,698	
Payroll taxes		130	
Tax tribunal and drains		4,522	
Training and development		560	
Printing and publication		698	
		<u> </u>	<u> </u>
Total board of review	<u>13,270</u>	<u>7,608</u>	<u>5,662</u>
TREASURER			
Treasurer's salary		40,389	
Payroll taxes		3,142	
Insurance - benefits		14,576	
Pension		3,936	
Department allocation		3,740	
Deputy treasurer's salary		681	
Legal fees		6,000	
Tax roll preparation		270	
Transportation		395	
Dues and subscriptions		45	
Training and development		1,469	
Postage		3,600	
Miscellaneous		1,081	
		<u> </u>	<u> </u>
Total treasurer	<u>87,226</u>	<u>79,324</u>	<u>7,902</u>
ASSESSOR			
Salaries		53,638	
Payroll taxes		682	
Postage		3,041	
		<u> </u>	<u> </u>
Total assessor	<u>55,172</u>	<u>57,361</u>	<u>(2,189)</u>

NORTHFIELD TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TOWNSHIP HALL AND GROUNDS			
Salaries		40,180	
Payroll taxes		3,066	
Insurance - benefits		7,728	
Insurance - general liability		42,036	
Pension		3,351	
PSB allocation		37,587	
Janitor fees		3,167	
Office supplies		9,841	
Telephone		5,236	
Postage		4,046	
Utilities		6,266	
Repairs and maintenance		13,916	
Equipment rental		5,498	
		<u> </u>	<u> </u>
Total township hall and grounds	<u>173,850</u>	<u>181,918</u>	<u>(8,068)</u>
ZONING AND PLANNING DEPARTMENTS			
Salaries - recording secretary		3,335	
Zoning administrator		13,055	
Payroll taxes		773	
Department allocation		25,268	
Planning commission fees		8,800	
Board of appeals fees		1,300	
Office supplies		9	
Printing and publications		1,499	
Planning consultant		19,930	
Code enforcement		15,825	
Legal fees		6,533	
Training and development		1,250	
Transportation		152	
		<u> </u>	<u> </u>
Total zoning and planning departments	<u>92,909</u>	<u>97,729</u>	<u>(4,820)</u>
PROFESSIONAL FEES			
Contingency		50,000	
Accountant		19,185	
Audit		3,500	
Engineer		7,639	
Other fees		601	
Legal		58,632	
		<u> </u>	<u> </u>
Total professional fees	<u>92,000</u>	<u>139,557</u>	<u>(47,557)</u>

NORTHFIELD TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
DOWNTOWN DEVELOPMENT AUTHORITY		2,820	(2,820)
HUMAN SERVICES CONTRACT	4,600	4,600	
ROADS	30,000	15,422	14,578
STREET LIGHTS	15,000	17,364	(2,364)
CAPITAL OUTLAY	2,100	14,307	(12,207)
CLEAN UP AND RECYCLING	3,500	15	3,485
RECREATION	3,650	2,827	823
RENT - PSB	101,278	86,878	14,400
SENIOR CENTER			
Salaries		45,013	
Payroll taxes		3,438	
Insurance - benefits		16,974	
Pension		3,512	
Programs		29,104	
Janitorial service		8,274	
Supplies		1,988	
Dues		220	
Telephone		1,282	
Postage		631	
Transportation		776	
Printing		710	
Insurance - general liability		4,422	
Utilities		4,720	
Repair and maintenance		1,163	
Training		361	
Total senior center	99,274	122,588	(23,314)
Total expenditures	<u>\$ 965,383</u>	<u>\$ 1,004,073</u>	<u>\$ (38,690)</u>

BUILDING
DEPARTMENT
FUND

NORTHFIELD TOWNSHIP
BUILDING DEPARTMENT FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash	\$ 26,455
Prepaid expenses	<u>618</u>
Total assets	<u><u>\$ 27,073</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 3,692
Accrued compensated absences	6,516
Due to other funds	<u>9,594</u>
Total liabilities	\$ 19,802

FUND BALANCE

	<u>7,271</u>
Total liabilities and fund balance	<u><u>\$ 27,073</u></u>

NORTHFIELD TOWNSHIP
BUILDING DEPARTMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Building permit fees	\$	\$ 76,432	\$
Contractor's registration		1,090	
Interest income		589	
Other income		116	
	<u>89,750</u>	<u>78,227</u>	<u>(11,523)</u>
Total revenues			
EXPENDITURES			
Salaries		52,183	
Payroll taxes		4,285	
Hospitalization		7,076	
Life insurance		795	
Pension		5,459	
Inspections		39,418	
Other professional services		7,080	
Supplies		124	
Membership dues		185	
Audit fees		1,000	
Telephone		590	
Utilities		2,227	
Insurance - general and bonds		2,155	
Repairs and maintenance		327	
Transportation		165	
Personnel allocation		(29,008)	
	<u>107,876</u>	<u>94,061</u>	<u>13,815</u>
Total expenditures			
Net change in fund balance	(18,126)	(15,834)	2,292
FUND BALANCE, JULY 1, 2007	<u>23,105</u>	<u>23,105</u>	
FUND BALANCE, JUNE 30, 2008	<u>\$ 4,979</u>	<u>\$ 7,271</u>	<u>\$ 2,292</u>

FIRE
PROTECTION
FUND

NORTHFIELD TOWNSHIP
FIRE PROTECTION FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 129,897
Taxes receivable	5,829
Due from other funds	<u>47,728</u>
Total assets	<u><u>\$ 183,454</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds	\$ 2,968
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FUND BALANCE

180,486

Total liabilities and fund balance	<u><u>\$ 183,454</u></u>
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NORTHFIELD TOWNSHIP
FIRE PROTECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$	\$ 347,626	\$
Charges for services		28	
Interest		5,605	
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>348,700</u>	<u>353,259</u>	<u>4,559</u>
EXPENDITURES			
Salaries		120,188	
Payroll taxes		9,296	
Hospitalization insurance		11,232	
Life insurance		462	
Pension		2,967	
Other professional services		809	
Training and development		2,817	
Accounting services		1,200	
Membership dues		898	
Audit fees		1,500	
Legal fees		1,281	
Contractual services		1,825	
Telephone		4,265	
Printing and postage		481	
Transportation		6,748	
Supplies		4,327	
Insurance and bonds		21,178	
Utilities		4,430	
Building lease		43,439	
Small equipment		4,711	
Office overhead		37,587	
Dispatch services		2,812	
Repairs and maintenance		16,243	
Uniforms		6,267	
Equipment rental		1,263	
Downtown Development Authority		3,399	
Drains/assessments		475	
Loan - principal		30,996	
Loan - interest		18,104	
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>32,166</u>	<u>361,200</u>	<u>(329,034)</u>
Net change in fund balance	316,534	(7,941)	(324,475)
FUND BALANCE, JULY 1, 2007	<u>188,427</u>	<u>188,427</u>	<u> </u>
FUND BALANCE, JUNE 30, 2008	<u>\$ 504,961</u>	<u>\$ 180,486</u>	<u>\$ (324,475)</u>

FIRE TRUCK
FUND

NORTHFIELD TOWNSHIP
FIRE TRUCK FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash	\$ 98,049
Taxes receivable	<u>1,798</u>
Total assets	<u>\$ 99,847</u>

FUND BALANCE

FUND BALANCE	<u>\$ 99,847</u>
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NORTHFIELD TOWNSHIP
FIRE TRUCK FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 88,876	\$
Interest		3,500	
Miscellaneous		7	
	<u>93,500</u>	<u>92,383</u>	<u>(1,117)</u>
Total revenues			
EXPENDITURES			
Loan - principal		90,000	
Loan - interest		14,908	
Miscellaneous		125	
	<u>104,624</u>	<u>105,033</u>	<u>(409)</u>
Total expenditures			
Net change in fund balance	(11,124)	(12,650)	(1,526)
FUND BALANCE, JULY 1, 2007	<u>112,497</u>	<u>112,497</u>	
FUND BALANCE, JUNE 30, 2008	<u>\$ 101,373</u>	<u>\$ 99,847</u>	<u>\$ (1,526)</u>

MEDICAL
RESCUE
FUND

NORTHFIELD TOWNSHIP
MEDICAL RESCUE FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 213,789
Taxes receivable	3,416
Due from other funds	4,753
Prepaid expenditures	<u>3,057</u>

Total assets	<u><u>\$ 225,015</u></u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 4,781
Accrued compensated absences	5,937
Due to other funds	<u>49,938</u>

Total liabilities	\$ 60,656
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FUND BALANCE

164,359

Total liabilities and fund balance	<u><u>\$ 225,015</u></u>
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NORTHFIELD TOWNSHIP
MEDICAL RESCUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 346,170	\$
Charges for services		13,291	
Interest		225	
Donation		395	
Insurance reimbursement		25,892	
Other revenue		152	
	<u>703,055</u>	<u>386,125</u>	<u>(316,930)</u>
Total revenues			
EXPENDITURES			
Salaries		160,033	
Payroll taxes		12,074	
Hospitalization		11,531	
Life insurance		600	
Pension		2,967	
Uniforms		1,062	
Accounting services		4,000	
Other professional fees		809	
Audit fees		1,500	
Transportation		4,499	
Training and development		3,965	
Legal fees		1,281	
Membership fees		398	
Contractual services		756	
Dispatch services		7,467	
Telephone		4,265	
Supplies		3,123	
Insurance and bonds		25,475	
Office overhead		37,587	
PSB lease		43,439	
Utilities		4,430	
Repairs and maintenance		18,603	
Rental equipment		1,263	
DDA		3,385	
Tribunals/drains		474	
Capital outlay		2,649	
	<u>755,322</u>	<u>357,635</u>	<u>397,687</u>
Total expenditures			
Excess of revenues over (under) expenditures	(52,267)	28,490	80,757
OTHER FINANCING SOURCES			
Transfers in	60,000	60,000	
	<u>7,733</u>	<u>88,490</u>	<u>80,757</u>
Net change in fund balance			
FUND BALANCE, JULY 1, 2007	75,869	75,869	
FUND BALANCE, JUNE 30, 2008	<u>\$ 83,602</u>	<u>\$ 164,359</u>	<u>\$ 80,757</u>

LAW
ENFORCEMENT
FUND

NORTHFIELD TOWNSHIP
LAW ENFORCEMENT FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 242,746
Taxes receivable	11,329
Due from other funds	26,476
Accounts payable - other	5,585
Prepaid expenditures	<u>21,208</u>

Total assets	<u><u>\$ 307,344</u></u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 17,202
Accrued compensated absences	116,096
Due to other funds	<u>15,594</u>

Total liabilities	\$ 148,892
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FUND BALANCE

158,452

Total liabilities and fund balance	<u><u>\$ 307,344</u></u>
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NORTHFIELD TOWNSHIP
LAW ENFORCEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$	\$ 1,551,405	\$
Fines and court fees		44,907	
Traffic tickets and impound fees		5,570	
Liquor law license fees		2,916	
Justice training fund		1,283	
Interest		2,628	
Donations		50	
Insurance proceeds		3,846	
Charges for services		15,319	
	<u>1,611,553</u>	<u>1,627,924</u>	<u>16,371</u>
EXPENDITURES	<u>1,712,860</u>	<u>1,750,177</u>	<u>(37,317)</u>
Excess of revenues over (under) expenditures	<u>(101,307)</u>	<u>(122,253)</u>	<u>(20,946)</u>
OTHER SOURCES FINANCING (USES)			
Disposal of capital assets	6,000		(6,000)
Lease proceeds	16,200	48,979	32,779
Transfers in	10,000	14,597	4,597
	<u>32,200</u>	<u>63,576</u>	<u>31,376</u>
Net change in fund balance	(69,107)	(58,677)	10,430
FUND BALANCE, JULY 1, 2007	<u>217,129</u>	<u>217,129</u>	
FUND BALANCE, JUNE 30, 2008	<u>\$ 148,022</u>	<u>\$ 158,452</u>	<u>\$ 10,430</u>

NORTHFIELD TOWNSHIP
LAW ENFORCEMENT FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES			
Salaries	\$	\$ 873,775	\$
Payroll taxes		66,588	
Life insurance		10,789	
Professional fees		49,167	
Pension		71,122	
Insurance - health		165,596	
Uniforms and gear		1,968	
Membership dues		1,310	
Printing and postage		2,326	
Transportation		28,569	
Insurance and bonds		70,635	
Repairs and maintenance		19,746	
Tax tribunals/drains		2,062	
Capital outlay		71,226	
Telephone		14,011	
Supplies		7,389	
Training and development		3,059	
Downtown Development Authority		15,174	
Office overhead		75,173	
PSB lease		86,878	
Equipment rental		2,873	
Contractual services		16,079	
Dispatch services		69,595	
Debt service - principal		22,837	
Debt service - interest		2,230	
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 1,712,860</u>	<u>\$ 1,750,177</u>	<u>\$ (37,317)</u>

NARCOTICS
FUND

NORTHFIELD TOWNSHIP
NARCOTICS FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents

\$ 18,350

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds

\$ 5,275

FUND BALANCE

13,075

Total liabilities and fund balance

\$ 18,350

NORTHFIELD TOWNSHIP
NARCOTICS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Forfeitures	\$	\$ 4,440	\$
Interest		77	
	<u>600</u>	<u>4,517</u>	<u>3,917</u>
Total revenues			
EXPENDITURES			
Public safety projects	<u>5,500</u>	<u>114</u>	<u>5,386</u>
Excess of revenues over (under) expenditures	(4,900)	4,403	9,303
OTHER FINANCING (USES)			
Transfers (out)	<u></u>	<u>(4,597)</u>	<u>(4,597)</u>
Net change in fund balance	(4,900)	(194)	4,706
FUND BALANCE, JULY 1, 2007	<u>13,269</u>	<u>13,269</u>	
FUND BALANCE, JUNE 30, 2008	<u>\$ 8,369</u>	<u>\$ 13,075</u>	<u>\$ 4,706</u>

DOWNTOWN DEVELOPMENT
AUTHORITY
FUND

NORTHFIELD TOWNSHIP
DOWNTOWN DEVELOPMENT AUTHORITY FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents

\$ 136,576

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 2,203

FUND BALANCE

134,373

Total liabilities and fund balance

\$ 136,576

NORTHFIELD TOWNSHIP
DOWNTOWN DEVELOPMENT AUTHORITY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 62,050	\$
Interest		3,251	
	<u>60,000</u>	<u>65,301</u>	<u>5,301</u>
Total revenues			
EXPENDITURES			
Streetlights		10,124	
Streetscape project		1,150	
Professional fees		4,357	
Supplies		500	
	<u>54,282</u>	<u>16,131</u>	<u>38,151</u>
Total expenditures			
Net change in fund balance	5,718	49,170	43,452
FUND BALANCE, JULY 1, 2007	<u>85,203</u>	<u>85,203</u>	
FUND BALANCE, JUNE 30, 2008	<u>\$ 90,921</u>	<u>\$ 134,373</u>	<u>\$ 43,452</u>

BUILDING AUTHORITY
DEBT SERVICE FUND

NORTHFIELD TOWNSHIP
BUILDING AUTHORITY DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Rental income	<u>\$ 260,635</u>	<u>\$ 260,635</u>	<u>\$</u>
EXPENDITURES			
Debt			
Principal		120,000	
Interest		<u>140,635</u>	
Total expenditures	<u>260,635</u>	<u>260,635</u>	
Net change in fund balance			
FUND BALANCE, JULY 1, 2007	<u></u>	<u></u>	<u></u>
FUND BALANCE, JUNE 30, 2008	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

PUBLIC SAFETY BUILDING
DEBT SERVICE FUND

NORTHFIELD TOWNSHIP
PUBLIC SAFETY BUILDING DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 66,668
Taxes receivable	4,791
Due from other funds	<u>10,834</u>
Total assets	<u><u>\$ 82,293</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 7,225
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FUND BALANCE

	<u>75,068</u>
Total liabilities and fund balance	<u><u>\$ 82,293</u></u>

NORTHFIELD TOWNSHIP
PUBLIC SAFETY BUILDING DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008

REVENUES	
Property taxes	\$ 288,598
Donations	1,500
Interest income	4,333
Miscellaneous	<u>21</u>
Total revenues	<u>294,452</u>
EXPENDITURES	
Capital outlays	17,050
Professional fees	1,200
Supplies	957
Cleaning services	14,597
Contracted services	6,684
Telephone	7,019
Insurance	22,428
Utilities	94,297
Repairs and maintenance	23,612
Tax chargebacks	366
Loan - principal	150,000
Loan - interest	143,700
Loan - agent fees	1,250
Overhead allocation	<u>(187,933)</u>
Total expenditures	<u>295,227</u>
Net change in fund balance	(775)
FUND BALANCE, JULY 1, 2007	<u>75,843</u>
FUND BALANCE, JUNE 30, 2008	<u><u>\$ 75,068</u></u>

SEWAGE DISPOSAL
SYSTEM
FUND

NORTHFIELD TOWNSHIP
SEWAGE DISPOSAL SYSTEM FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,271,151	
Sewer billings receivable	316,819	
Special assessment receivable	2,202,860	
Prepaid expenses	<u>6,249</u>	
Total current assets		\$ 3,797,079

RESTRICTED ASSETS

Cash and cash equivalents - expansion projects	1,456,111
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PLANT, PROPERTY AND EQUIPMENT

Land	226,918	
Plant	2,229,393	
Plant expansion	11,345,046	
Equipment	<u>727,306</u>	
	14,528,663	
Less: accumulated depreciation	<u>(3,866,807)</u>	

Net plant, property, and equipment	<u>10,661,856</u>
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Total assets	<u><u>\$ 15,915,046</u></u>
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LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 59,815	
Accrued compensated absences	23,209	
Due to other funds	12,401	
Contracts payable - current portion	<u>545,000</u>	
Total current liabilities		\$ 640,425

LONG-TERM LIABILITIES

Contracts payable - less current portion	<u>5,035,000</u>
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Total liabilities	5,675,425
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FUND EQUITY

	<u>10,239,621</u>
Total liabilities and fund equity	<u><u>\$ 15,915,046</u></u>

NORTHFIELD TOWNSHIP
SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008

OPERATING REVENUES

User charges	\$ 1,237,100
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OPERATING EXPENSES

Salaries and wages	\$ 283,537	
Payroll taxes	22,027	
Hospitalization	69,062	
Life insurance	4,488	
Pension	26,537	
Training and development	590	
Testing	3,894	
Operating supplies	58,304	
Uniforms	3,840	
Professional services	14,161	
Membership and dues	2,205	
Contracted services	28,241	
Administration fees	35,000	
Telephone	9,834	
Transportation	4,354	
Printing and postage	3,137	
Insurance and bonds	37,653	
Utilities	128,831	
Repairs and maintenance	164,803	
Small equipment	5,019	
Depreciation	340,707	

Total operating expenses	<u>1,246,224</u>
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Operating (loss)	(9,124)
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NON-OPERATING REVENUES AND (EXPENSES)

Other income	2,011	
Interest income - cash and equivalents	121,263	
Interest - special assessments	148,333	
Interest expense	(356,642)	
Bond fees	(650)	

Total non-operating revenues and (expenses)	<u>(85,685)</u>
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Net (loss) before capital contributions	(94,809)
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CAPITAL CONTRIBUTIONS

Tap-in fees	<u>38,500</u>
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Net (loss)	<u><u>\$ (56,309)</u></u>
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NORTHFIELD TOWNSHIP
SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES

Operating (loss)		\$ (9,124)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities		
Depreciation	\$ 340,707	
Other income	2,011	
Changes in assets and liabilities		
(Increase) in sewer billings receivable	(3,912)	
Decrease in due from county	702,109	
Decrease in due from other funds	55,509	
(Increase) in prepaid expenses	(890)	
Increase in accounts payable/accrued compensated absences	9,571	
Increase in due to other funds	<u>12,401</u>	
Total adjustments		<u>1,117,506</u>
Net cash provided by operating activities		1,108,382

CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED
FINANCING ACTIVITIES

Tap-in fees collected	38,500	
Special assessments received	391,936	
Purchase of equipment/system	(211,490)	
Interest paid on long-term bonds	(356,642)	
Bond fees	(650)	
Proceeds on issuance of bonds	4,965,000	
Repayment of principal on bonds/contracts	<u>(6,030,000)</u>	
Net cash provided (used) by capital and related financing activities		(1,203,346)

CASH FLOWS PROVIDED BY INVESTING ACTIVITIES

Interest on cash and cash equivalents	<u>137,491</u>
Net increase in cash and cash equivalents	42,527

CASH AND CASH EQUIVALENTS AT JULY 1, 2007	<u>2,684,735</u>
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CASH AND CASH EQUIVALENTS AT JUNE 30, 2008	<u><u>\$ 2,727,262</u></u>
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CURRENT
TAX
COLLECTION
FUND

NORTHFIELD TOWNSHIP
CURRENT TAX COLLECTION FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents
Due from county

\$ 63,450
30,072

Total assets

\$ 93,522

LIABILITIES

LIABILITIES

Due to other funds
Due to others

\$ 87,216
6,306

Total liabilities

\$ 93,522

TRUST
AND
AGENCY
FUND

NORTHFIELD TOWNSHIP
TRUST AND AGENCY FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 20,642
Due from other funds	<u>3,042</u>
Total assets	<u><u>\$ 23,684</u></u>

LIABILITIES

LIABILITIES

Performance bonds	\$ 5,200
Due to others	<u>18,484</u>
Total liabilities	<u><u>\$ 23,684</u></u>

December 4, 2008

Board of Trustees
Northfield Township
75 Barker Road
Whitmore Lake, Michigan 48189

Dear Honorable Board of Trustees:

During our audit of the Northfield Township we came across the following matter that we would like to discuss with you as part of our audit presentation for the year ending June 30, 2008.

The matter which we would like to discuss with you is as follows:

Auditing standards require us to communicate to you significant deficiencies in your internal controls and accounting procedures. There are certain issues (deficiencies) which were previously considered general comments, but under new standards are now considered significant deficiencies.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's or detected by the entity's internal control.

We consider the following to be a material weakness of the Township.

- Historically, the Township has relied on independent external auditors in the preparation of their financial statements and required disclosures. The Township has determined that the cost/benefit of preparing the financial statements and disclosures are best served by continuing this practice.
- As in most small organizations, the Township has a lack of segregation of duties in its accounting department.

The following are other comments relating to the Township's accounting and record keeping procedures:

- Various charges for services are not being billed consistently, and are not being reconciled to the general ledger. Also, receipts are being remitted to various departments, and not through the existing internal control structure of the Township. To ensure proper collection, bonding, and safeguarding of assets these amounts should be remitted to the Township hall.
- Property liens are being recorded by the Township for services performed. A receivable has been recorded to show amounts to be received when property title is transferred. The Township should evaluate the likelihood of collecting these amounts, and record an allowance for uncollectible portions.
- Fuel charges are reported in a monthly statement for the various protection services. The individual receipts are not being attached to this statement. The Township should attach these receipts, and determine which vehicle was filled. Also, portions of these statements were not kept with the accounts payable records. The entire approved invoice, and related receipts should be kept at the Township hall.
- Payments made to Washtenaw County for monthly services appear to have been paid twice. Amounts could not be reconciled. The Township should investigate as to whether this happened, and seek a refund or credit for services.
- Not all invoices/payments could be located in the accounts payable files, and are not being signed off by a responsible individual. The State of Michigan requires that an original invoice be approved by a designated responsible individual.
- While reviewing cash activity we noticed some instances where control can be improved. The Township uses a common checking account for many funds, and some funds had been overdrawn. In essence, one fund may be borrowing funds from others interest free. Steps should be taken to avoid this. The Township has several old outstanding checks, and should look into reissuing these checks or escheating them to the State of Michigan. Also, a new bank account was opened with an account that is not interest bearing. The balance is significant, and the Township may wish to evaluate if it were better to have this account bear interest.

Conclusion

Thank you for your assistance and hospitality toward our firm while conducting the audit of the Northfield Township.

If you should have any questions, comments or concerns please do not hesitate to call us.

This report is intended solely for the information and use of the Board of Trustees and management of the Northfield Township and is not intended to be and should not be used by anyone other than the specified parties.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants